



FRED WILLIAMSON & ASSOCIATES, INC.
Telecommunications Management Services

VIA ECFS

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of Secretary
445 12th Street, S. W.
Washington, D.C. 20554

July 1st, 2017

RE: Submission of information Pursuant to FCC 54.313 Rules and Request
for Confidential Treatment – ETC Annual Reports and Certifications WC
Docket Nos. 10-90 and 14-58

Dear Ms. Dortch:

In accordance with the annual reporting requirements of 47 C.F.R. §§54.313 and 54.422, **LAVACA TELEPHONE COMPANY-ARKANSAS** or “Lavaca-AR” (Study Area Code **401704**), is submitting a completed FCC Form 481 to the Commission via its Electronic Comment Filing System (ECFS) in WC Docket Nos. 10-90 and 14-58. Lavaca-AR by its authorized representative, hereby requests confidential treatment of one attachments to its FCC Form 481: the Consolidated Financial Statements identified on Line 3005, which was redacted in the ECFS submission.

The request for confidential treatment of the financial annual report is being made pursuant to the FCC's March 22, 2016 Protective Order in WC Docket Nos. 10-90 and 14-58. The financial reports contain competitively sensitive data that is not otherwise available from publically available sources.

The request for confidential treatment is being made pursuant to section 0.459 of the Commission's rules and Exemption 4 of the Freedom of Information Act (FOIA).

Lavaca-AR keeps this information strictly confidential and it is subject to protection under the Freedom of Information Act (FOIA) and the Commission's implementing rules. Release of this information would have a substantial negative impact on the Company.

Lavaca-AR is also transmitting the following information to the Commission in compliance with C.F.R. §§54.313 and 54.422:

- Submission to the Office of the Secretary, this cover letter and the Form 481 filing which includes the confidential information that is being requested to be withheld from public inspection. Confidential information has been designated in accordance with Confidentiality guidelines and the Protective Order.

The confidential information has also been submitted to the Universal Service Administrative Company through its E-File system as an attachment to the FCC Form 481.

Lavaca-AR requests that the information contained in its annual financial report be withheld from public inspection because it contains competitively sensitive commercial and financial information that the Company keeps confidential. Public availability of this information would have a substantial negative impact on the Company.

Lavaca-AR offers the following information pursuant to section 0.459 of the Commission's rules and Exemption 4 of FOIA in support of this request:

(1) Identification of the specific information for which confidential treatment is sought:

Attachment to Line 3005 of FCC Form 481 – Consolidated Financial Statements. Specifically, confidential treatment is sought for all information in the report.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission:

The information was submitted in WC Docket Nos. 10-90 and 14-58 as an attachment to FCC Form 481- the Carrier Annual Reporting Data Collection Form.

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged:

The Consolidated Financial Statements contains financial information and subscriber counts for a privately held company, which is not made publicly available.

(4) Explanation of the degree to which the information concerns a service that is subject to competition:

Broadband is subject to increasing competition in the areas served by rural, rate-of-return incumbent local exchange carriers (RLECs). Virtually all RLECs face competition from one or more Internet service providers.

(5) Explanation of how disclosure of the information could result in substantial competitive harm:

Disclosure of the information contained in the financial report would provide competitors with detailed information regarding the Company's financial position. This would provide competitors access to confidential information they could employ to develop their own plans in a particular service area. This could cause competitive harm to the Company.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure:

The Company has continually treated financial information as confidential and carefully controls the information to protect it from competitors.

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties:

The redacted information in the Consolidated Financial Statements are not available to the public, and third party access is limited as described in (6) above.

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure:

The Company requests that the extracted information be withheld from public inspection indefinitely. The information and financial details would provide valuable information to competitors for several years beyond that period.

(9) Any other information that the party seeking confidential information treatment believes may be useful in assessing whether its request for confidentiality should be granted:

Exemption 4 of FOIA shields from public disclosure commercial or financial information obtained from a person that is privileged or confidential. Based on the responses provided above, the information in question satisfies this test.

Please contact me if you have any questions.

Sincerely,

Tim Morrissey

President,
FWA, Inc.

121 East College Street • Broken Arrow, OK 74012 • 918-298-1618

Redacted - For Public Inspection

**FCC Form 481 - Carrier Annual Reporting
Data Collection Form**FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO-AR
<020>	Program Year	2018
<030>	Contact Name: Person USAC should contact with questions about this data	JOHN ZEILER
<035>	Contact Telephone Number: Number of the person identified in data line <030>	4796742211 ext.
<039>	Contact Email Address: Email of the person identified in data line <030>	johnz@pinncom.com
	Form Type	54.313 and 54.422

<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO-AR
<020>	Program Year	2018
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No

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**(300) Unfulfilled Service Request
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<035>	Contact Telephone Number - Number of person identified in data line <030>	4796742211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com

<300> Unfulfilled service request (voice)

0

<310> Detail on attempts (voice)

Name of Attached Document

<320> Unfulfilled service request (broadband)

0

<330> Detail on attempts (broadband)

Name of Attached Document

<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO-AR
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035>	Contact Telephone Number - Number of person identified in data line <030>	4796742211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed voice	
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize. Offered only fixed broadband	
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

<010>	Study Area Code	401704
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<020>	Program Year	2018
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<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
401704AR510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

(600) Functionality in Emergency Situations		FCC Form 481
Data Collection Form		OMB Control No. 3060-0986/OMB Control No. 3060-0819
		July 2013

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<020>	Program Year	2018
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<035>	Contact Telephone Number - Number of person identified in data line <030>	4796742211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	401704AR610.pdf

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

OMB Control No. 3060-0986/OMB Control No. 3060-0819

<039> Contact Email Address - Email Address of person identified in data line <030> johnz@pinncom.com

1/1/2017

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-- See attached worksheet

<010>	Study Area Code	401704
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<039>	Contact Email Address - Email Address of person identified in data line <030>	johnnz@pinncom.com

-- See attached worksheet --

**(800) Operating Companies
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<020>	Program Year	2018
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<035>	Contact Telephone Number - Number of person identified in data line <030>	4796742211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com
<810>	Reporting Carrier	LAVACA TELEPHONE COMPANY - ARKANSAS dba PINNACLE COMMUNICATIONS
<811>	Holding Company	Not Applicable
<812>	Operating Company	LAVACA TELEPHONE COMPANY - ARKANSAS dba PINNACLE COMMUNICATIONS

[illegible]

**(900) Tribal Lands Reporting
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<015>	Study Area Name	LAVACA TEL CO-AR
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<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com

<900> Does the filing entity offer tribal land services? (Y/N) No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached PDF, on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

Select Yes or No or Not Applicable

**(1000) Voice and Broadband Service Rate Comparability
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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<015>	Study Area Name	LAVACA TEL CO-AR
<020>	Program Year	2018
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<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncm.com

<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 401704AR1010.pdf

Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 401704AR1030.pdf

Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting
Data Collection Form**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO-AR
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<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers
Lifeline
Data Collection Form

FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pincom.com

401704AR1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- | | | |
|--------|---|-------------------------------------|
| <1221> | Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, | <input checked="" type="checkbox"/> |
| <1222> | Details on the number of minutes provided as part of the plan, | <input checked="" type="checkbox"/> |
| <1223> | Additional charges for toll calls, and rates for each such plan. | <input checked="" type="checkbox"/> |

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

<010>	Study Area Code	401704
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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2005) Price Cap Carrier Additional Documentation

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017C> Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing
Required Information

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)

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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009)	Progress Report on 5 Year Plan Carrier certifies to 54.313(f)(1)(iii)		
Yes - Attach Certification			
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}		401704AR1030b.pdf
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors	
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information	
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No)	<input type="radio"/> <input checked="" type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:			
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)		<input type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information	
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No)	<input checked="" type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3019)	Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input checked="" type="checkbox"/>
(3020)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows		<input checked="" type="checkbox"/>
(3021)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.		<input checked="" type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:			
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers		<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant		<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.		<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows		<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information	401704AR3026.pdf

(3005) Rate Of Return Carrier Additional Documentation (Continued)

FCC Form 481

Data Collection Form

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

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Financial Data Summary

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends

**Redacted - For Public Inspection**

<010>	Study Area Code	401704
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4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission’s public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.	Name of Attached Document Listing Required Information	
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Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.	Name of Attached Document Listing Required Information	
--	--	--

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.	Name of Attached Document Listing Required Information	
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**Certification - Reporting Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
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TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**Certification - Agent / Carrier
Data Collection Form**

 FCC Form 481
 OMB Control No. 3060-0986/OMB Control No. 3060-0819
 July 2013

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TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) <u>FWA, INC.</u> is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	<u>FWA, INC.</u>
Name of Reporting Carrier:	<u>LAVACA TEL CO-AR</u>
Signature of Authorized Officer:	<u>CERTIFIED ONLINE</u> Date: <u>06/27/2017</u>
Printed name of Authorized Officer:	<u>Michael Gibson</u>
Title or position of Authorized Officer:	<u>President</u>
Telephone number of Authorized Officer:	<u>4796742211 ext.</u>
Study Area Code of Reporting Carrier:	<u>401704</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	<u>LAVACA TEL CO-AR</u>
Name of Authorized Agent Firm:	<u>FWA, INC.</u>
Signature of Authorized Agent or Employee of Agent:	<u>CERTIFIED ONLINE</u> Date: <u>06/27/2017</u>
Name of Authorized Agent Employee:	<u>TOM KARALIS</u>
Title or position of Authorized Agent or Employee of Agent	<u>CONSULTANT</u>
Telephone number of Authorized Agent or Employee of Agent:	<u>9182981618 ext.</u>
Study Area Code of Reporting Carrier:	<u>401704</u> Filing Due Date for this form: <u>07/03/2017</u>
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

(700) Price Offerings including Voice Rate Data Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<015>	Study Area Name	LAVACA TEL CO-AR
-------	-----------------	------------------

<020>	Program Year	2018
-------	--------------	------

<030>	Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
-------	---	-------------

<035>	Contact Telephone Number - Number of person identified in data line <030>	4796742211 ext.
-------	---	-----------------

<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com
-------	---	-------------------

<702> Single State-wide Residential Local Service Charge

[illegible]

(710) Broadband Price Offerings Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<015>	Study Area Name	LAVACA TEL CO-AR
-------	-----------------	------------------

<030> Contact Name - Person USAC should contact regarding this data JOHN ZEILER

<039> Contact Email Address - Email Address of person identified in data line <030> johnz@pinnc.com

<711>	<a1>	<a2>	<b1>	<b2>	<c>	<d1>	<d2>	<d3>	<d4>
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[illegible]

(800) Operating Companies	FCC Form 481
Data Collection Form	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010>	Study Area Code	401704
<015>	Study Area Name	LAVACA TEL CO-AR
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	JOHN ZEILER
<035>	Contact Telephone Number - Number of person identified in data line <030>	4796742211 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	johnz@pinncom.com

<810>	Reporting Carrier	LAVACA TELEPHONE COMPANY - ARKANSAS dba PINNACLE COMMUNICATIONS
<811>	Holding Company	Not Applicable
<812>	Operating Company	LAVACA TELEPHONE COMPANY - ARKANSAS dba PINNACLE COMMUNICATIONS

[illegible]

LAVACA TELEPHONE COMPANY, INC.

QUALITY OF SERVICE AND CUSTOMER PROTECTION PROCESS

(USAC DOCUMENT - 401704AR510.PDF)

LAVACA TELEPHONE COMPANY – ARKANSAS
dba PINNACLE COMMUNICATIONS
QUALITY OF SERVICE & CUSTOMER’S PROTECTION PROCESS

1. Available Customer Service Representatives to Answer Phones

95% of all calls received by Lavaca Telephone Company – Arkansas dba Pinnacle Communications during business hours are answered by the third ring. When the assigned customer representatives are unable to answer calls by the third ring, calls are answered by our voice mail system and calls are returned to customers within the hour.

2. Provide After Hours Emergency Customer Service

Calls are answered within 60 seconds by our voice mail system. Calls are reviewed the following day by personnel. Customer service representatives have been given a list of questions by Lavaca Telephone Company – Arkansas dba Pinnacle Communications to ask to assist them in resolving many issues. Unresolved issues are worked on that day. Issues requiring immediate attention are sent to the Lavaca Telephone Company – Arkansas dba Pinnacle Communications service technician on call, who works to resolve the matter as quickly as possible. If that technician is unable to resolve the problem, additional technicians are called. After hours customer service is also available.

3. Provide a 24/7 Internet Help Desk Service

All calls are answered within 60 seconds. Managers are available as necessary to review and address any issues.

4. Give Customers Cut-Off Warnings & Provide Bill Arrangement Opportunities

Customers are given two months of missed payments before phone service is cut off. Notification of the payment due date and the cut-off date are prominently displayed on bills as well as of the opportunity to make payment arrangements to avoid being cut-off. A customer service representative will attempt to call a customer in danger of losing phone service to remind them of the late payment. Account balance reports are printed monthly using the company’s billing system.

5. Ensure That All New Service Installation Orders Are Fulfilled Promptly

All customers are contacted within 48 hours regarding scheduling the new service installation. If outside plant is already in place, the order is filled at the customers' earliest convenience; if outside plant is not in place, the order is filled as soon as the weather permits.

6. Minimize Customer Downtime for Services & Make Requested Changes Promptly

Customers are contacted regarding all service requests that same day, with a goal of resolving all issues within 48 hours. Any unresolved issues will be resolved contingent on the technician/customer coordination of access to the premises.

7. Proactively Monitoring in Case of Major Service Outages

Service technicians will be made aware of outages affecting customers within an hour. It is the goal of Lavaca Telephone Company – Arkansas dba Pinnacle Communications to resolve major outages in four hours or less. If an outage has not been resolved within four hours, technicians will begin utilizing all resources to resolve the outage.

CUSTOMER PRIVACY

Company Confidential Information Policy

Lavaca Telephone Company – Arkansas dba Pinnacle Communications has a company policy in place that holds employees accountable for a breach of confidentiality concerning customer data and company information.

The policy states: "You are reminded that revealing any type of confidential information to unauthorized persons or tampering with or altering company records and/or property is a violation of trust that can result in disciplinary action up to and including discharge".

Company CPNI Policy

Lavaca Telephone Company – Arkansas dba Pinnacle Communications has a Customer Proprietary Network Information (CPNI) policy in place that ensures employees compliance with the FCC's CPNI guidelines. Outlined within the policy is a detailed description of CPNI as well as both acceptable and unacceptable CPNI practices. Employees are required to sign waivers stating they understand and agree to comply with the policy and acknowledge that "failure to protect this information may result in disciplinary action up to and including discharge for the responsible employee."

As a part of the policy, Lavaca Telephone Company – Arkansas dba Pinnacle Communications has designated a Compliance Officer responsible for assuring training of employees, monitoring CPNI related activities, and reporting breaches.

LAVACA TELEPHONE COMPANY, INC.

EMERGENCY SITUATION FUNCTIONALITY – AVAILABILITY OF BACK UP POWER

(USAC DOCUMENT - 401704AR610.PDF)

LAVACA TELEPHONE COMPANY – ARKANSAS
dba PINNACLE COMMUNICATIONS
EMERGENCY SITUATION FUNCTIONALITY
AVAILABILITY OF BACK-UP POWER

Lavaca Telephone Company - Arkansas d.b.a. Pinnacle Communications has one central office switch and one remote location within its service area. Each of these locations is equipped with a backup battery supply as well as a generator capable of providing power to the equipment within that office in the event of an external power source outage. After a power outage, the generators are inspected and are also professionally serviced biannually to ensure functionality.

In addition, Lavaca Telephone Company – Arkansas dba Pinnacle Communications has installed back-up batteries on the customer premise equipment. Spare batteries are kept at Lavaca Telephone Company – Arkansas dba Pinnacle Communications' main office for replacement of batteries at customer homes in the event of a prolonged power outage.

TRAFFIC ROUTING

Voice traffic between the central office switch and remote is carried across fiber. Voice traffic between the central office switch and the upstream tandem is also provisioned across fiber.

MANAGING TRAFFIC SPIKES

Lavaca Telephone Company – Arkansas dba Pinnacle Communications' careful capacity planning has put multiple constraints and triggers in place on its central office equipment, outside plant equipment and network backbone that will provide the company with the capability of handling traffic spikes during emergency situations.

- Usage rates are analyzed monthly by Lavaca Telephone Company – Arkansas dba Pinnacle Communications using reports automatically generated by the switch to ensure the usage does not exceed 90% of total line capacity.

- Lavaca Telephone Company – Arkansas dba Pinnacle Communications monitors traffic internally on a monthly basis to insure optimal efficiency.

LAVACA TELEPHONE COMPANY, INC.
VOICE SERVICES RATE COMPARABILITY
(USAC DOCUMENT - 401704AR1010)

Voice Services Rate Comparability
LAVACA TELEPHONE COMPANY – ARKANSAS
dba PINNACLE COMMUNICATIONS

In compliance with the 54.313 Rules, Lavaca Telephone Company – Arkansas dba Pinnacle Communications must certify that its current rate for fixed voice services is no more than two standard deviations above the national average urban rate for voice service.

According to the 2016 Urban Rate Survey¹ conducted by the FCC's Wireline Competition Bureau, the 2016 rate floor for voice services is \$22.49 and the reasonable comparability benchmark for voice services is \$49.51.

The rates shown on the Voice Pricing Form (0700) are below \$49.51. Consequently, Lavaca Telephone Company – Arkansas dba Pinnacle Communications meets the above mentioned requirement.

¹ WIRELINE COMPETITION BUREAU ANNOUNCES RESULTS OF 2017 URBAN RATE SURVEY FOR FIXED VOICE AND BROADBAND SERVICES, POSTING OF SURVEY DATA AND EXPLANATORY NOTES, AND REQUIRED MINIMUM USAGE ALLOWANCE FOR ETCs SUBJECT TO BROADBAND PUBLIC INTEREST OBLIGATIONS. WC Docket #10-90, DA 17-167
Public Notice - Released February 14th, 2017.

LAVACA TELEPHONE COMPANY, INC.

BROADBAND RATE COMPARABILITY

(USAC DOCUMENT – 401704AR1030)

BROADBAND RATE COMPARABILITY
LAVACA TELEPHONE COMPANY – ARKANSAS dba PINNACLE COMMUNICATIONS

BROADBAND BENCHMARK

According to the 2017 Broadband Reasonable Comparability Benchmark conducted by the FCC Wireline Competition Bureau (*and using the Reasonable Comparability Benchmark Calculator supplied by the FCC*), the reasonable comparability benchmark for Broadband rates are as follows¹:

Download Speed	Upload Speed	Usage Allowance	Benchmark
6 Mbps	1 Mbps	Unlimited	\$71.27
10Mbps	1Mbps	Unlimited	\$77.98
15 Mbps	3 Mbps	Unlimited	\$83.82
25 Mbps	5 Mbps	Unlimited	\$90.77

RATE REQUIREMENT

Per 47 C.F.R. § 54.313(a)(12), Lavaca Telephone Company – Arkansas dba Pinnacle Communications’ pricing can be no more than the applicable benchmark as published annually by the Wireline Competition Bureau. The rates shown on Lavaca Telephone Company – Arkansas dba Pinnacle Communications’ Broadband Price Offerings Form (0710) are all below the FCC’s 2016 Broadband Pricing Benchmarks. Consequently, Lavaca Telephone Company – Arkansas dba Pinnacle Communications meets the above mentioned requirement.

The Survey also noted that the required minimum usage allowance is 150GBs for rate-of-return carriers, such as Lavaca Telephone Company – Arkansas dba Pinnacle Communications. Lavaca Telephone Company – Arkansas dba Pinnacle Communications does not currently implement a usage allowance maximum. All broadband customers have unlimited usage allowance.

¹ <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>

LAVACA TELEPHONE COMPANY, INC.

LIFELINE PLAN

(USAC DOCUMENT - 401704AR1210.PDF)

Lavaca Telephone Company dba Pinnacle Communications

Lifeline Plan

Pinnacle Communications offers Lifeline Telephone Service to its customers. The eligibility criteria for Lifeline service is indicated on the attachment. If eligible, a credit of \$9.25 is applied to the charges for the Federal Subscriber Line Charge and Basic Local Exchange Service. The rate for Basic Local Exchange Service for Pinnacle customers in Arkansas is \$18.00. Pinnacle customers receive unlimited local calling as part of the Basic Local Exchange Service Plan.

No other credits are applied to rates for remaining services, including toll service (if the customer does not have toll limitation service).



*You may qualify if:
You are not declared a dependent
for federal income tax purposes,
and/or you receive benefits from
one of the following programs:*

Lifeline

- Food Stamps
- Temporary Assistance to Needy Families (TANF)
- Supplemental Security Income (SSI)
- Medicaid
- Federal Public Housing Assistance (FPHA)
- Low Income Home Energy Assistance Program (LIHEAP)
- National School Lunch Program's free lunch program
- You may also qualify based upon your income

How to sign up:

Visit our business office located at **301 HWY 96 SW** today and pick up a form. You may also visit our web site pinncom.com and print a copy as well. Mail the completed form and supporting documents to:
Lifeline/Link-Up Administrator
PO Box 685
Parsippany, NJ 07054-0685
Start receiving benefits with your next bill. Benefits may not be seen until the second bill after the initial request.

Lifeline

Lifeline is a telephone service assistance program designed to provide eligible residential customers with a credit to be applied to the price of basic local exchange service.

The Lifeline credit does not apply to custom or class calling features, long distance calling charges or plans, or internet service. All optional features and plans will be billed at full price.

**Yes, YOU can
afford telephone
service...let us
show you how!**

**PINNACLE Communications
Lavaca, AR 72941
(479) 674-2211**

LAVACA TELEPHONE COMPANY, INC.

MILESTONE CERTIFICATION

(USAC DOCUMENT - 401704AR3010.PDF)

Line 3010(b) - Milestone Certification

Lavaca Telephone Company - Arkansas d.b.a. Pinnacle Communications certifies that, upon a reasonable request, it will provide Broadband services at actual speeds of 10 Mbps downstream / 1Mbps upstream, with latency suitable for real-time applications, including VoIP and usage capacity that is reasonably comparable to urban areas and that requests for such services are met within reasonable amount of time.

LAVACA TELEPHONE COMPANY, INC.
CONSOLIDATED FINANCIAL STATEMENTS
(USAC DOCUMENT - 401704AR3026.PDF)



Consolidated Financial Statements
December 31, 2016 and 2015

Lavaca Telephone Company and Subsidiary

www.eidebailly.com



Redacted - For Public Inspection

Lavaca Telephone Company and Subsidiary

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December 31, 2016 and 2015

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Independent Accountant's Review Report

The Board of Directors
Lavaca Telephone Company and Subsidiary
Lavaca, Arkansas

We have reviewed the accompanying consolidated balance sheets of Lavaca Telephone Company and Subsidiary (an S corporation) (the Company), as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the consolidated financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the consolidated financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, except for the issue noted in the Known Departure From Accounting Principles Generally Accepted in the United States of America paragraph, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Known Departure From Accounting Principles Generally Accepted in the United States of America

As disclosed in Note 2 to the consolidated financial statements, the accompanying financial statements do not include the financial statements of an investment in partnership of which the Company owns a majority interest. The financial statements of the investment in partnership should be consolidated with the Company's financial statements to conform with accounting principles generally accepted in the United States of America. The effect of this departure from generally accepted accounting principles on the financial position, results operations, and cash flows of the Company has not been determined.

Other Matter

The supplementary information included on pages 18-23 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. The information is the representation of management and was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic consolidated financial statements. We are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America, except for the issue noted in the Known Departure from Accounting Principles Generally Accepted in the United States of America paragraph. We have not audited the information and, accordingly, do not express an opinion on such information.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Tulsa, Oklahoma
May 11, 2017

Lavaca Telephone Company and Subsidiary
Consolidated Balance Sheets
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Assets		
Current Assets		
Cash and cash equivalents		\$
Accounts receivable		
Due from customers, less allowance for doubtful accounts of \$1,000 in 2016 and 2015		
Due from affiliate		
Due from long distance carriers and pools (no allowance for doubtful accounts)		
Materials and supplies		
Prepaid Expenses		
Total current assets		
Noncurrent Assets		
Investments - other		
Investment securities - available for sale securities		
Cash surrender value - officer life insurance		
Total noncurrent assets		
Property, Plant and Equipment, at cost		
Telephone plant in service		
Telephone plant under construction		
Less accumulated depreciation		
Net property, plant and equipment		
	\$	\$

Lavaca Telephone Company and Subsidiary
Consolidated Balance Sheets
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of long-term debt	\$	\$
Accounts payable		
Customer deposits		
Other accrued liabilities		
Total current liabilities		
Long Term Debt		
Other Noncurrent Liabilities		
Total Liabilities		
Stockholders' Equity		
Common stock, \$100 par value: authorized, issued and outstanding 545 shares		
Retained earnings		
Accumulated other comprehensive income - unrealized gain on available- for-sale investment securities		
Total stockholders' equity		
	\$	\$

Lavaca Telephone Company and Subsidiary
Consolidated Statements of Operations
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Revenues		
Regulated		
Local service	\$	\$
Access		
Miscellaneous		
Nonregulated		
Internet		
Long distance		
Video		
Other		
Total operating revenues		
Operating Expenses		
Regulated		
Plant specific		
Plant non-specific:		
Depreciation and amortization		
Network and other		
Customer operations		
Corporate operations		
Operating taxes		
Nonregulated		
Internet		
Long distance		
Video		
Other		
Total operating expenses		
Net Operating Income		
Investment Income (loss) - net		
Equity in Net Operations of Investments		
Interest Expense		
Net Income	\$	\$

Lavaca Telephone Company and Subsidiary
Consolidated Statements of Comprehensive Income
Years Ended December 31, 2016 and 2015

	2016	2015
Net Income	\$ [REDACTED]	\$ [REDACTED]
Other Comprehensive Income (Loss)		
Unrealized holding gains (losses) on securities		
Total Other Comprehensive Income (Loss)		
Comprehensive Income	\$ [REDACTED]	\$ [REDACTED]

Lavaca Telephone Company and Subsidiary
Consolidated Statements of Stockholders' Equity
Years Ended December 31, 2016 and 2015

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income</u>	<u>Total</u>
Balance, January 1, 2015	\$			
Net Income				
Dividends Paid				
Other comprehensive loss				
Balance, December 31, 2015				
Net Income				
Dividends Paid				
Other comprehensive income				
Balance, December 31, 2016	\$			

Lavaca Telephone Company and Subsidiary

Consolidated Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Operating Activities		
Net income	\$	\$
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization		
Equity in net loss of investments - other		
Change in		
Accounts receivable		
Prepaid expenses		
Materials and supplies		
Cash surrender value - officers' life insurance		
Other		
Accounts payable and accrued liabilities		
Other noncurrent liabilities		
Net Cash from Operating Activities		
Investing Activities		
Purchase of available-for-sale investment securities		
Expansion and replacement of property, plant and equipment		
Additions to investments		
Proceeds from sale of investment		
Net Cash used for Investing Activities		
Financing Activities		
Net increase (decrease) in customer deposits		
Proceeds on borrowings from long term debt		
Principal payments on long term debt		
Dividends paid		
Net Cash used for Financing Activities		
Net Change in Cash and Cash Equivalents		
Cash and Cash Equivalents, Beginning of Year		
Cash and Cash Equivalents, End of Year	\$	\$
Other Disclosures		
Interest paid, net of amounts capitalized	\$	\$

See Notes to Consolidated Financial Statements

Note 1 - Principal Business Activity and Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Lavaca Telephone Company and its wholly-owned subsidiary, Pinnacle Communications (collectively referred to as the Company). Intercompany transactions and balances have been eliminated in consolidation.

Description of Business

The Company operates a general telephone business in Lavaca, Arkansas with exchanges in Arkansas and Oklahoma. The Company also provides internet, long distance and video services.

Basis of Accounting

The Company maintains its accounts in accordance with Part 32 of the Uniform System of Accounts prescribed by the Federal Communications Commission (FCC). The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which are consistent in all material respects with the accounting prescribed by the FCC.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

Accounts Receivable and Credit Policies

Accounts receivable consists of amounts due from subscribers, including local service, toll, taxes and applicable fees. Accounts receivable also include amounts due from long distance carriers, access service pools, and cable television, internet, and cellular customers. Accounts receivable are uncollateralized (however, certain customers are required to have a deposit) and due monthly. Accounts receivable are stated at the amount billed. The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected.

Materials and Supplies

Materials and supplies consist of regulated inventory used in the construction of telephone plant in service and nonregulated inventory held for resale to customers. All inventory is stated at the lower of cost, as determined using the average cost method, or market.

Investments in Nonregulated Operations

Investment Securities

Investment securities consist of investments in equity securities. Investment securities are classified as available-for-sale and are carried at fair value. Unrealized gains and losses on securities available-for-sale are recognized, as a direct increase or decrease in stockholders' equity. Realized gains on available for-sale securities are included in net income. Cost of securities sold is recognized using the specific identification method.

Investment to Fund Deferred Compensation Agreements

Investment to fund deferred compensation agreements consist of an investment in a master trust agreement and is carried at fair value.

Investment in Partnership

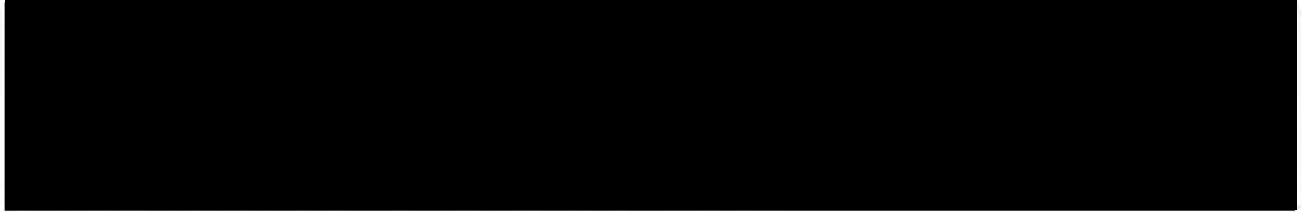
Investment in partnership is accounted for using the equity method of accounting, whereby the original investment is recorded at cost and adjusted for the Company's share of undistributed earnings or losses of the partnership.

Fair Value Measurements

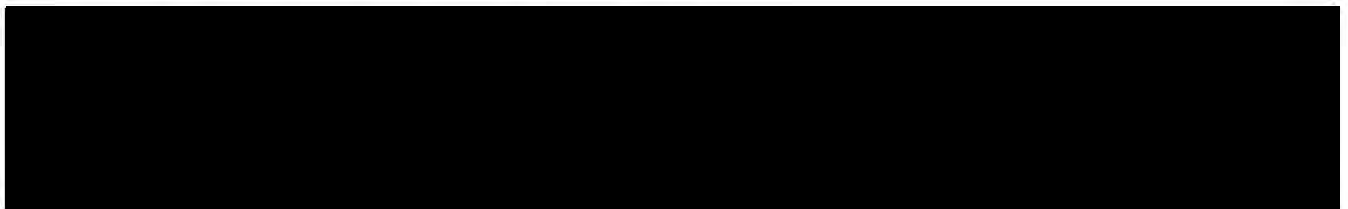
Accounting Standards Codification (ASC) Topic 820, Fair Value Measurements and Disclosures defines fair value as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

ASC Topic 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. The hierarchy is broken down into three levels based on the reliability of inputs as follows: Level 1, based on quoted prices for identical assets or liabilities in active markets that the Company has the ability to process, Level 2 based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted price that are observable for the asset or liability, and Level 3, based on inputs that are unobservable and significant to the fair value measurement.

Property, Plant, and Equipment



Recognition of Local Service and Internet Service Revenue



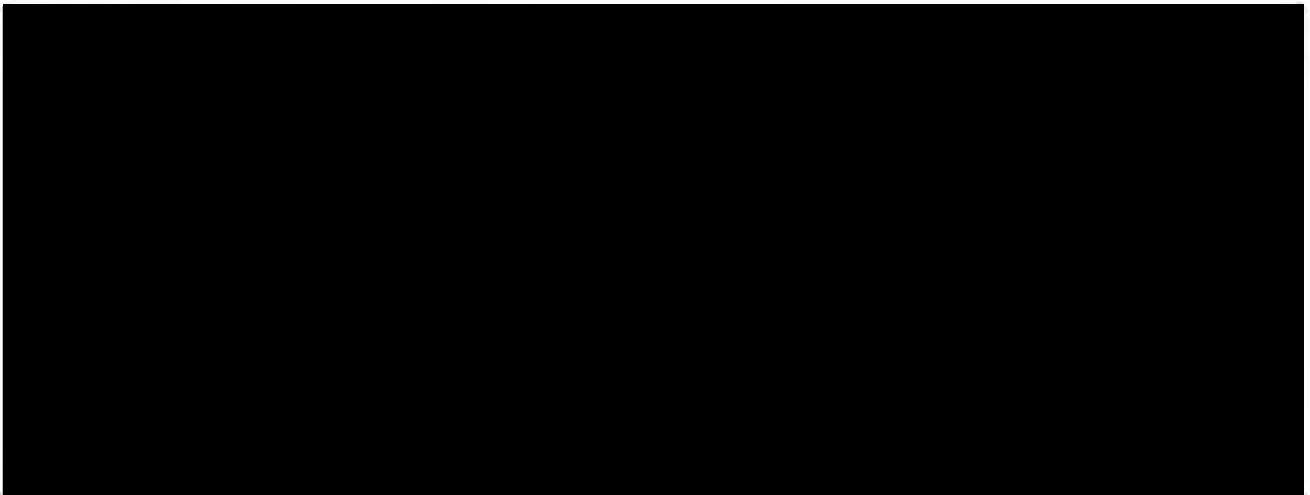
Recognition of Access Service Revenue

Access service revenue includes interstate customer end user charges, interstate and intrastate charges assessed to long distance carriers for using the Company's facilities for their long distance communications, and interstate settlements under jurisdictional reporting requirements with the National Exchange Carriers Association. Revenues are recorded in the month the service is provided.

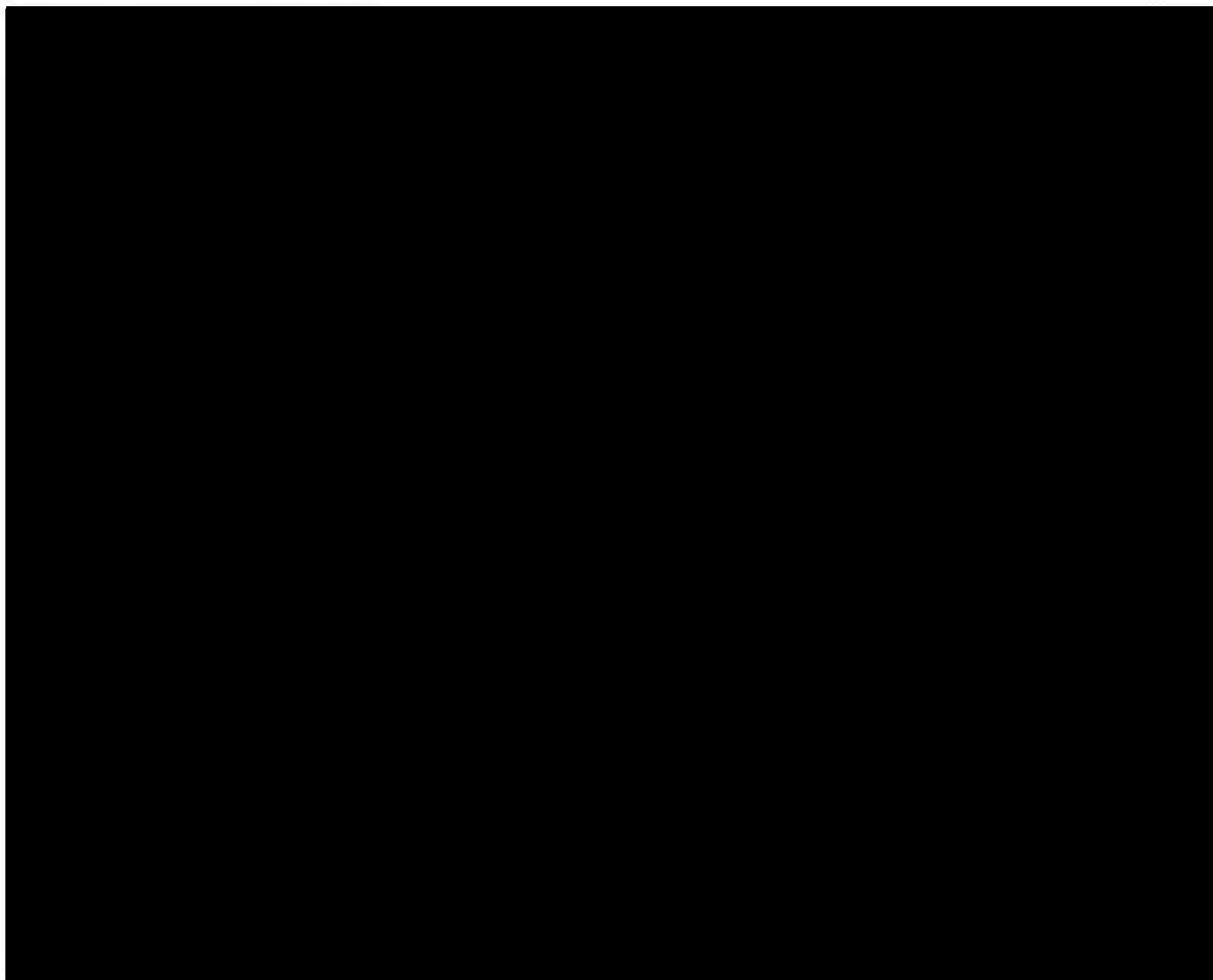
Recognition of Miscellaneous Revenue

Miscellaneous revenue consists primarily of fees received from long distance carriers for billing and collection services performed by the Company and directory revenue, and is recognized as earned.

Income Taxes



Note 2 - Investments – Other



Note 3 - Investment Securities

Investment securities, which are all considered as available-for-sale at December 31 are:

Equity Securities
Mutual Funds

Equity Securities
Mutual Funds

Note 4 - Property, Plant and Equipment

Following is a summary of telephone plant in service at December 31:

	Deppreciable Lives	2016	2015
Land	N/A		
Buildings and improvements	7-24 years		
Furniture and equipment	4-8 years		
Central office switching	10 years		
Central office transmission	10-13 years		
Cable and wire facilities	9-19 years		

Depreciation expense of property, plant and equipment is comprised of the following for the years ended December 31, 2016 and 2015:

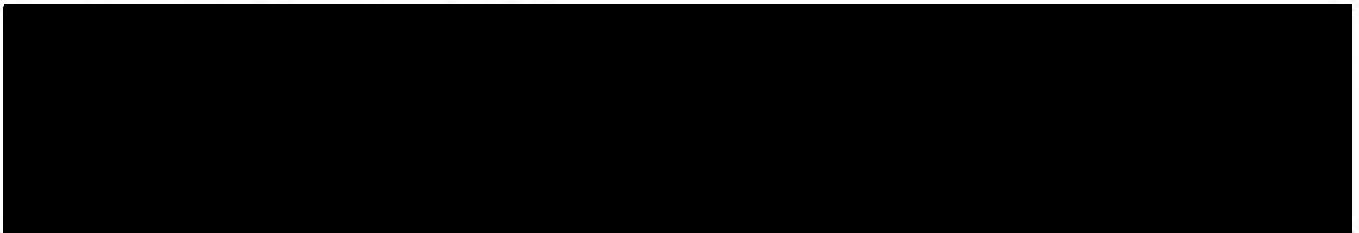
	2016	2015
Telephone plant in service	\$	
Nonregulated property and equipment	\$	

Note 5 - Long Term Debt

Long term debt consists of the following:

	<u>2016</u>	<u>2015</u>
3.95% note payable to Armstrong Bank, due in monthly installments of approximately \$12,000 including interest, with a final payment due in July 2026. Real estate of the Company is pledged as collateral.	\$	
less current maturities	\$	
Maturities of long-term debt are as follows:		
2017	\$	
2018		
2019		
2020		
2021		
Thereafter	\$	

Note 6 - Other Noncurrent Liabilities



Note 7 - Fair Value Measurements

ASC Topic 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described below.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value is based on the following valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 as compared to those used at December 31, 2015.

Mutual Funds

Valued at the net asset value of shares held by the Company at year end. The net asset value is equivalent to the closing price reported on the active market on which the individual securities are traded.

Investment to Fund Deferred Compensation Agreements

Valued at the quoted market prices of the underlying investments included in the master trust.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets recorded at fair value on a recurring basis as of December 31, 2016 and 2015:

	December 31, 2016
Mutual Funds	
Investments to fund deferred compensation agreements	
Mutual Funds	
Investments to fund deferred compensation agreements	

Note 8 - Risks and Uncertainties

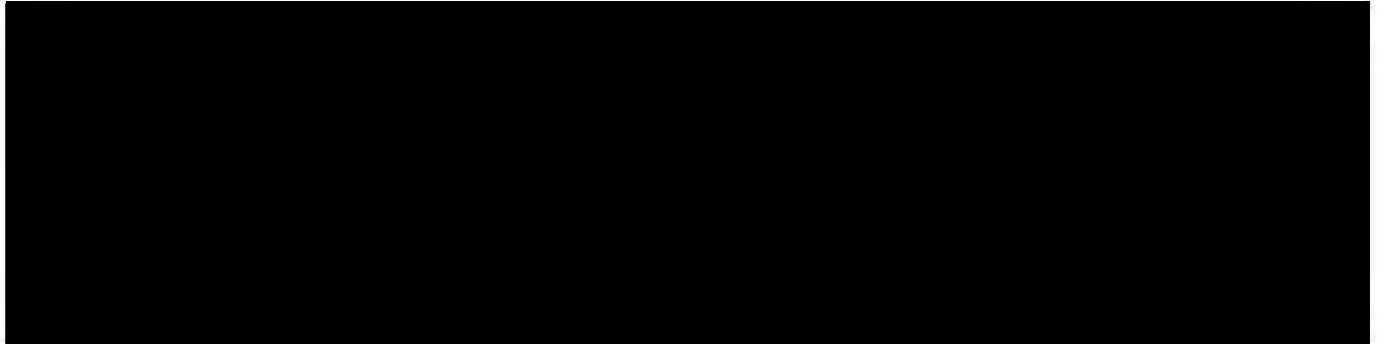
The Company services various local telephone exchanges in Arkansas and Oklahoma. The Company is subject to rate regulation by the Federal Communications Commission and the Arkansas and Oklahoma Corporation Commissions. Because of this, the Company may be affected by regulatory proceedings, which are pending or may occur in the future. The effects of such proceedings on the Company's operations cannot presently be determined.

The Company is also subject to audits from federal and state oversight organizations because of its participation in certain high cost funding mechanisms. At this time, the Company does not expect any such audits to have a material effect on the financial statements.

In 2011, the FCC approved an Order on Intercarrier Compensation and Universal Service Fund (USF) reform and announced the issuance of a Further Notice of Proposed Rulemaking on long-term USF reform and transition toward a National Broadband Plan.

In March 2016, the FCC released an Order and Further Notice of Proposed Rulemaking (FNPRM) that reforms the High Cost USF Program supporting rate-of-return carriers. The following changes have been implemented to modernize the program: 1) Annual Rate of Return Reduction from 11.25% to 9.75% (25 basis point reduction per year) beginning July 1, 2016; 2) Provides support for stand-alone broadband; 3) Requires broadband deployment based on the number of locations lacking service and the cost of providing service; 4) Requires allowances for capital investments and limits on operational expenses; and 5) Phases out support for areas served by a qualifying competitor.

The FNPRM also created two paths to a Connect America Fund for rate of return carriers. The legacy mechanism reforms the existing Interstate Common Line Support (ICLS) mechanism to support stand-alone broadband and will be known as the Connect America Fund Broadband Loop Support. Rate-of-return carriers also have the option to select the A-CAM support model which will result in a fixed amount of support for ten years. The Company did not select the A-CAM support model.





Supplementary Information
December 31, 2016

Lavaca Telephone Company and Subsidiary

Lavaca Telephone Company and Subsidiary
Consolidating Balance Sheet
December 31, 2016

Assets

Current Assets

Cash and cash equivalents
Accounts Receivable:
 Due from customers, net
 Due from affiliate
 Due from long distance
 carriers and pools
Materials and supplies
Prepaid expenses

Total current assets

Noncurrent Assets

Investments - other
Investment securities
Cash surrender value
 of officer life insurance

Total noncurrent assets

Property, Plant and Equipment, at cost
 Telephone plant in service

Less accumulated depreciation

Net Property, Plant and Equipment

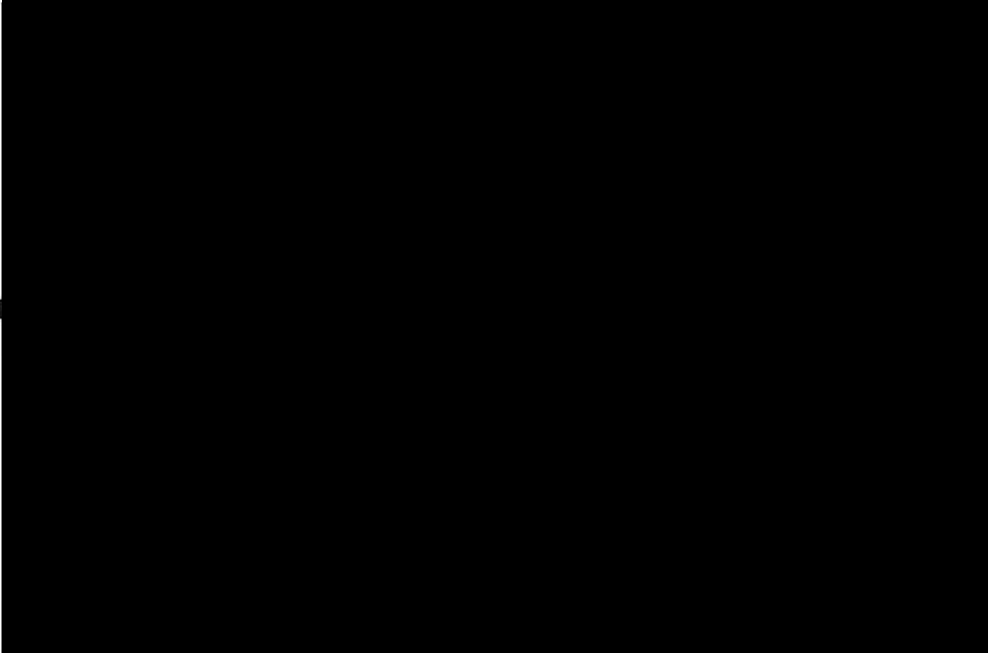
Lavaca Telephone Company and Subsidiary
Consolidating Balance Sheet
December 31, 2016

	Lavaca Telephone Co.	Pinnacle Telecom LLC	Eliminations	Consolidated Balance
Liabilities and Stockholders' Equity				
Current Liabilities				
Current maturities of long-term debt				
Accounts payable				
Customer deposits				
Other accrued liabilities				
Total current liabilities				
Long Term Debt				
Other Noncurrent Liabilities				
Total Liabilities				
Stockholders' Equity				
Common stock / member units				
Retained earnings				
Accumulated other comprehensive income				

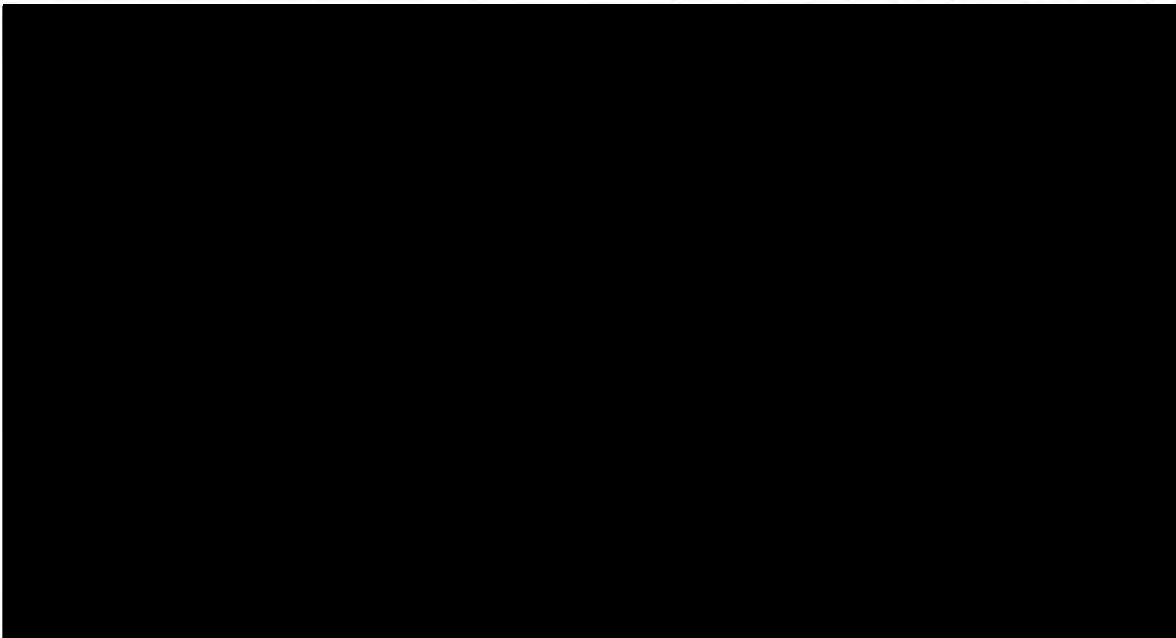
Lavaca Telephone Company and Subsidiary
Consolidating Statement of Operations
Year Ended December 31, 2016

	Lavaca Telephone Co.	Pinnacle Telecom LLC	Eliminations	Consolidated Balance
Operating Revenues				
Regulated				
Local service				
Access				
Miscellaneous				
Nonregulated				
Internet				
Long distance				
Video				
Other				
Total operating revenues				
Operating Expenses				
Regulated:				
Plant specific				
Plant non-specific				
Depreciation and amortization				
Network and other				
Customer operations				
Corporate operations				
Operating taxes				
Nonregulated:				
Internet				
Long distance				
Video				
Other				
Total operating expenses				
Net Operating Income				
Investment Income				
Equity in Net Operations of Investments				
Interest Expense				
Net Income				

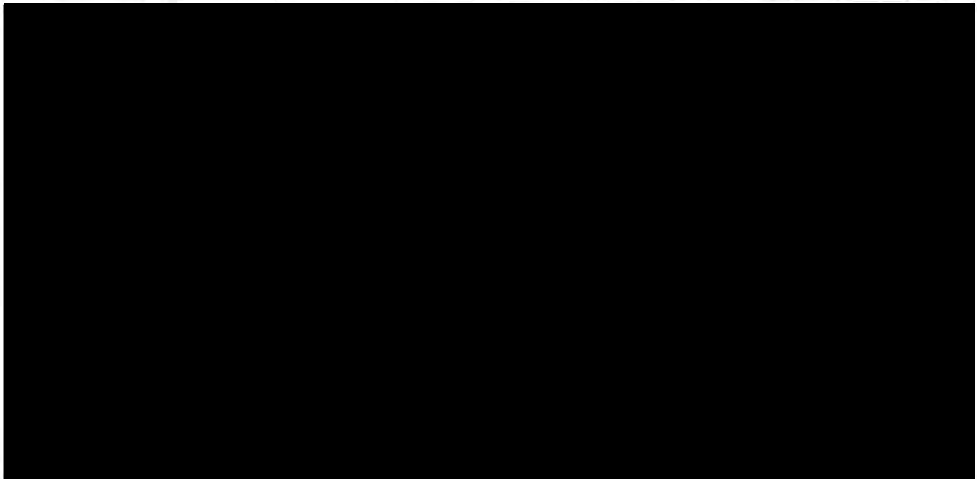
Lavaca Telephone Company and Subsidiary
Schedule of Telephone Plant in Service - Arkansas
Year Ended December 31, 2016

	Balance December 31, 2015	Additions	Disposals/ Reclass- ifications	Balance December 31, 2016
Land				
Motor Vehicles				
Other Work Equipment				
Buildings				
Building - Remote				
Building - Signage				
Furniture				
Office Support Equipment				
General Purpose Computers				
COE - Digital Electronic Switch				
COE Remote - Generator				
COE - Voice Mail				
COE - ADSL Multiplex				
Circuit Equip. - Local CXR				
Poles				
Buried Fiber				
Aerial Wire				

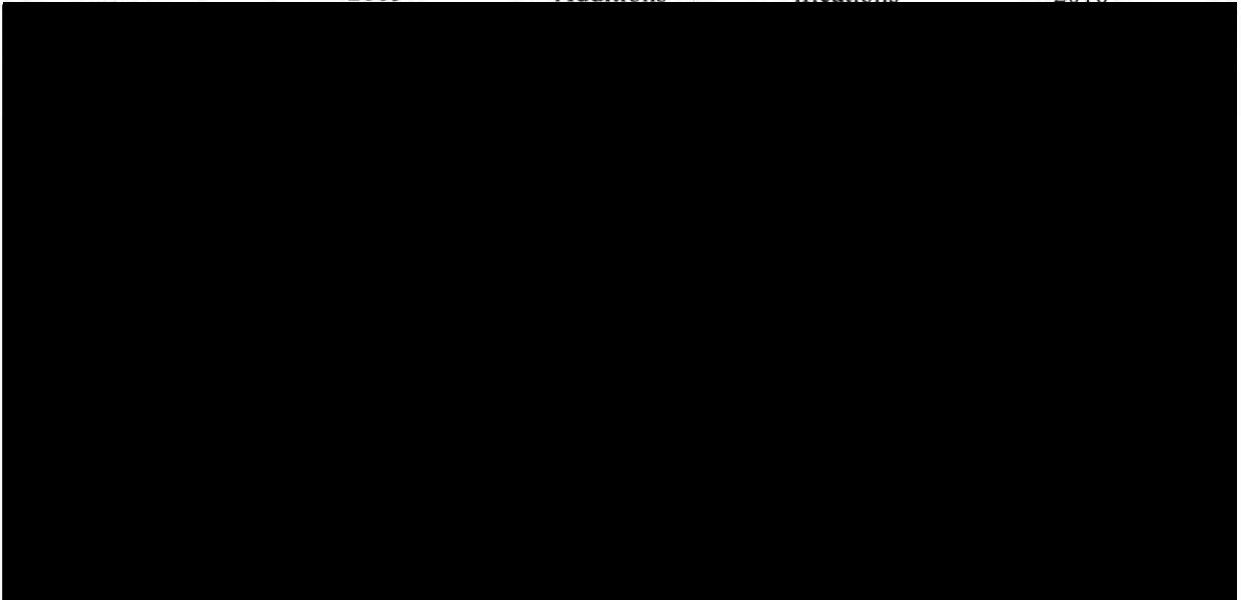
Accumulated Depreciation

Annual Depreciation Rate	Balance December 31, 2015	Additions	Disposals/ Reclass- ifications	Balance December 31, 2016
				

Lavaca Telephone Company and Subsidiary
Schedule of Telephone Plant in Service - Oklahoma
Year Ended December 31, 2016

	Balance December 31, 2015	Additions	Disposals/ Reclass- ifications	Balance December 31, 2016
Land				
Motor Vehicles				
Other Work Equipment				
Buildings				
Furniture				
Office Support Equipment				
General Purpose Computers				
COE - ADSL Multiplex				
Circuit Equip. - Local CXR				
Poles				
Buried Fiber				
Aerial Wire				

Accumulated Depreciation

Annual Depreciation Rate	Balance December 31, 2015	Additions	Disposals/ Reclass- ifications	Balance December 31, 2016
				

Lavaca Telephone Company and Subsidiary
Schedule of Operations by State
Year Ended December 31, 2016

	Arkansas	Oklahoma	Total
Regulated Operating Revenues			
Local service			
Access and long-distance			
Miscellaneous			
Total operating revenues			
Regulated Operating Expenses			
Plant specific			
Plant non-specific:			
Depreciation and amortization			
Network and other			
Customer operations			
Corporate operations			
Total operating expenses			
Net Regulated Operating Revenue			
Regulated Operating Taxes			
Other operating taxes			
Total Operating Taxes			
Net Regulated Operating Income (Loss)			
Investment Income			
Interest Expense			
Net Regulated Income (Loss)			
Nonregulated Income (Expense) - net			
Net Income (Loss)			